

Message Text

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ACTION SS-15

INFO OCT-01 AF-10 ARA-06 EA-07 EUR-12 NEA-10 IO-13
ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05 EPG-02
TRSE-00 STR-04 OMB-01 CEA-01 CIAE-00 COME-00
FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04
SIL-01 PA-01 PRS-01 /129 W
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R 181647Z MAY 77
FM USMISSION EC BRUSSELS
TO SECSTATE WASHDC 3832
INFO USMISSION OECD PARIS
AMEMBASSY NEW DELHI

C O N F I D E N T I A L EC BRUSSELS 5086

FOR UNDER SECRETARY COOPER

E.O. 11652: GDS
TAGS: CIEC, ETRD
SUBJECT: LALL ON CIEC

1. INDIAN AMBASSADOR LALL, ACCOMPANIED BY MR. PRAKASH SHAH
FROM FONOFF IN DELHI WHO SEEMS PARTICULARLY INTERESTED IN
ENERGY PROBLEMS, PLIED ME MAY 18 WITH GOOD FOOD AND
WINE. NEARLY THREE HOURS OF DISCUSSION COVERED LOTS OF
GROUND BUT I JUDGE ESSENCE OF LALL'S MESSAGE IS AS FOLLOWS:

2. HE PROPOSES TO ARGUE WITHIN G-19 (PEREZ GUERRERO
IS IN TOUCH WITH HIM AND OTHERS ABOUT PRE-SENIOR OFFICIALS
STRATEGY SETTING SESSION) THAT PROPER APPROACH TO FINAL
ROUNDS OF CIEC IS RECOGNITION THAT CONFERENCE CAN BE NEITHER
SUCCESS NOR FAILURE. HE ATTACHES IMPORTANCE TO COCHAIRMAN
REACHING AGREEMENT ON LIMITED NUMBER OF KEY ISSUES FOR
CONSIDERATION BY SENIOR OFFICIALS AND MINISTERS BUT ARGUES
THAT EVEN SO "FORMUAL WOULD BE NECESSARY" BECAUSE ON BOTH
SIDES IT IS INCONCEIVABLE THAT EXPONENTS OF PARTICULAR
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POINT OF VIEW CAN EITHER COMPLETELY BACK OFF OR FULLY
OBTAIN THEIR OBJECTIVES. THUS, HE PROPOSES THAT GOVERNMENT
OF INDIA AND LIKEMINDED MEMBERS OF G-19 SHOULD MAKE CLEAR
EARLY ON THAT CONFERENCE SHOULD CONCLUDE WITH AGREED
DECLARATION OF DISAPPOINTMENT THAT OBJECTIVES OF BOTH SIDES
COULD NOT BE MET AND THAT UNRESOLVED ISSUES SHOULD BE
PURSUED FURTHER IN SPECIFICALLY DESIGNATED INTERNATIONAL

INSTITUTIONS.

3. WITH RESEPECT TO ENERGY, HE AGREES THAT CONTINTUING CONSULTATIVE MECHANISM IS ESSENTIAL BUT INSISTS THAT ONE REASON IT DESIRABLE IS TO SAVE IRANIAN FACE ON PRICE INDEXATION ISSUE.

4. CONCERNING SPECIAL ASSISTANCE, HE REPEATED WHAT HE TOLD YOU HERE THAT IT WAS IMPORTANT US AGREEMENT TO PROVIDE SPECIAL ASSISTANCE NOT BE EXPLAINED IN TERMS OF GOING BEYOND CONTRIBUTION TO CIEC SUCCESS. WHEN I ASKED HIM FOR RATIONALE , HE SAID FROM US STANDPOINT TO LINK IT TO DEBT WOULD LEAVE US OPEN TO DEMAND FOR FUTHER SPECIAL ASSISTANCE IN YEAR OR TWO AND FROM INDIAN STANDPOINT WOULD OPEN POSSIBLY UNBRIDGEABLE CONTROVERSY. RATHER HE ARGUED THAT IF WE COULD GO NO FURTHER ON DEBT AT CIEC MINISTERIAL, WE SHOULD AGREE THAT ISSUE SHOULD BE REFERRED FOR FURTHER DISCUSSION TO SUCH INTERNATIONAL ORGANIZATION AS IMF. CLARLY HE WOULD LIKE TO PREJUDICE TERMS OF REFERENCE BUT THAT IS LESSER POINT.

5. CONCERNING COMMON FUND, LALL PUSHED HARD FOR RECOGNITION AT CIEC THAT IT SHOULD BE SOURCE OF FINANCING FOR DIVERSIFICATION AND PRODUCTION CONTROL. ETC., AS WELL AS BUFFER STOCKS, BUT WHEN I SAID I THOUGHT ANYTHING BEYOND EVENTUAL BUFFER STOCK FINANCING ON CLEARING ACCOUNT BASIS WAS A "NO NO ," HE FELL BACK TO ADVOCATE THAT GUIDANCE FOR INDIVIDUAL COMMODITY NEGOTIATIONS SHOULD BE BROAD ENOUGH TO ENCOMPASS FINANCING FOR ANY MEASURES COMPATIBLE WITH PRICE STABLIZATION OBJECTIVES.

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6. LALL WILL BE IN PARIS FROM MAY 27 ON AND HOPES MEET WITH YOU TO GET YOUR REACTION TO HIS PROPOSED " NO WIN" APPROACH FOR CONFERENCE OUTCOME. I EXPRESSED SKEPTICISM, ARGUING WE NEEDED AT LEAST APPEARANCE OF SUCCESS FOR PUBLIC RELATIONS PURPOSES BUT MADE CLEAR THAT I WOULD RECOMMEND YOUR DISCUSSING PROPOSAL AND TIMING THEREFOR WITH HIM AS I DO.

7. WHEN WE WERE PARTING, HE SAID HE ASSUMED I KNEW THAT G-19 WERE ALREADY DRAFTING STATEMENT FOR CONTINGENCY RELEASE JUNE 2 CONCERNING FAILURES OF CONFERENCE TO MEET G-77 OBJECTIVES AND THAT G-77 PLANS JUNE MINISTERIAL MEETING TO PREPARE FOR SUBSEQUENT GENERAL ASSEMBLY MEETING TO REVIEW CIEC RESULTS. TO THIS I REPLIED THAT IF OBJECT WAS CONTINUED CONFRONTATION ATMOSPHERE, WHATEVER HAPPENED AT CIEC G-77 WOULD BE ENDANGERING SUBSTANTIAL PROGRESS THAT IN FACT HAS RESULTED ON WIDE RANGE OF DEVELOPMENT ISSUES SINCE CIEC PROCESS BEGAN. HE NATURALLY REPLIED THAT TENOR OF POST-CIEC NORTH/SOUTH DIALOGUE, WHICH CERTAINLY

WOULD CONTINUE WHATEVER HAPPENED IN PARIS, WOULD IN LAST
ANALYSIS DEPEND ON PARIS RESULTS.
HINTON

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Message Attributes

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